

Message Text

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12

ACTION EB-11

INFO OCT-01 EA-11 ISO-00 CIAE-00 COME-00 DODE-00 DOTE-00

FMC-04 INR-11 NSAE-00 RSC-01 CG-00 COA-02 DLOS-07

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R 090520Z AUG 74

FM AMEMBASSY WELLINGTON

TO SECSTATE WASHDC 8503

INFO AMEMBASSY CANBERRA

AMCONSUL SYDNEY

AMCONSUL AUCKLAND

UNCLAS WELLINGTON 2520

EO: 11652: NA

TAGS: EWWT NZ

SUBJECT: PORT CONGESTION SURCHARGE

REF STATE 170781 SYDNEY 1621, 1642, WELLINGTON A-60 5/9/74

SUMMARY:

PORTS OF AUCKLAND AND WELLINGTON CONTINUE CONGESTED AND US

AND OTHER NATIONAL SHIPS INCURRING CONSIDERABLE ADDITIONAL OPERATING EXPENSES DUE TO EXCESSIVE TURN-AROUND TIME. LINES AND CONFERENCES SERVING NZ FROM EUROPE, ASIA, AND AFRICA HAVE ALREADY IMPOSED PORT CONGESTION SURCHARGES - SOME AS LONG AGO AS FEBRUARY. IMPOSITION OF SURCHARGE BY US LINES SHOULD NOT HAVE AN ADVERSE EFFECT ON US EXPORTS DURING THE COMING SIX OR SEVEN MONTHS BY WHICH TIME THE PORT CONGESTION SITUATION MAY HAVE EASED. END SUMMARY.

1. EMBASSY UNDERSTANDS US \$20 PER TON PORT CONGESTION SURCHARGE FROM EAST COAST US APPLICABLE JULY 28 1975 AND NZ\$8.50 SURCHARGE FROM WEST COAST APPLICABLE OCT. 1, 1974. (NZ \$1 EQUALS US\$1.45). WE ARE INFORMED THAT A US \$22 PER TON

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SURCHARGE FOR CARGO TO EAST COAST US PORTS HAS BEEN

FILED BUT IS NOT YET EFFECTIVE.

2. AUCKLAND AND WELLINGTON PORTS CONTINUE TO BE SEVERELY CONGESTED. SEVERAL FACTORS ARE INVOLVED ACROSS THE BOARD; I.E. SHORTAGE OF LIQUID CAPITAL HELD BY IMPORTERS CAUSING THEM TO DELAY CARGO PICK-UP, EXTREMELY HIGH LEVEL OF IMPORTS (HIGHER THAN THE USUAL ANNUAL JUNE END-OF-TRADING-YEAR INFLUX), CONVERSION TO CONTAINER FREIGHTING AT A FASTER RATE THAN ANTICIPATED (AUCKLAND HAS HANDLED MORE "BOXES" DURING THE FIRST SIX MONTHS OF 1974 THAN DURING THE ENIRE CALENDAR YEAR 1973), INADEQUACY OF CONTAINERS AND SHORTAGE OF CONTAINER HANDLING EQUIPMENT,HPARTICULARLRLY AUCKLAND. ALTHOUGH DURING JUNE REAL PROGRESS WAS MADE IN CLEARING UP THE BACK-LOG IN WELLINGTON, THE FIRST TWO YEEKS IN JULY SAW THE ARRIVAL OF 29 SHIPS, INCLUDING 10 CONAINER VESSELS AND FIVE ROLL-ON SHIPS. THIS UNUSUALLY LARGE NUMBER OF ARRIVALS AGAIN OVER-BURDENED PORT FACILITIES AND THE CONGESTION STILL PREVAILS. PRESS REPORTS HAVE NOTED THAT NZ CONTAINER PORTS HAD AN AVERAGE HOURLY HANDLING RATE OF 5.3 CONTAINERS PER HOUR IN JUNE 1973. THIS RATE FELL TO 1.7 PER HOUR FOR SOME VESSELS BY END OF JULY 1974.

3. CONGESTION SURCHARGES DATING BACK IN SOME CASES TO FEBRUARY HAVE BEEN IMPOSED BY VARIOUS CONFERENCES AND INDIVIDUAL LINES SERVING NZ (SEE EMBASSY'S A-65/9##

5/9/74 FOR BACKGROUND - THOSE SURCHARGES ARE STILL IN EFFECT AS SITUATION HAS NOT IMPROVED). BY END OF MAY THE FOLLOWING WERE IN EFFECT ON SOUTHBOUND INBOUND TO NZ) CARGO.

- A). UK AND EUROPEAN LINES CHARGING US DOLS 12 PER TON,
- B). FAR EAST TO NZ LINES (INCLUDING JAPANESE) 15 PERCENT PER TON,
- C). SOUTH AND SOUTHEAST ASIA AND AFRICAN LINES - 20 PERCENT PER TON.

THESE CHARGES ARE STILL IN EFFECT. NO SURCHARGES ARE LEVIED ON NORTHBOUND (OUTWARD) CARGO TO THE ABOVE AREAS.
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4. RELIABLE TRADE SOURCE ADVISES THAT ALL GOVERNMENT BODIES AND AUTHORITIES INVOLVED ARE AWARE OF THE PROBLEMS AFFECTING CONTAINER OPERATIONS IN THE TWO PORTS. THIS, OF COURSE IS THE AREA MOST SEVERELY AFFECTING CARGO ON THE U.S. - NZ ROUTES. THE AOUTHORITES ARE VITALLY CONCERNED AND POSITIVE STEPS ARE BEING TAKEN TO REMEDY THE SITUATTION; ADDITIONAL MOBILE EQUIPMENT IS BEING

LEASED, NEW TERMINAL DEPOT FACILITIES ARE UNDER CONSTRUCTION AND ADDITIONAL WORK SHIFTS OF CERTAIN CARGO HANDLING EMPLOYEES ARE BEING SCHEDULED. EVEN SO, PROSPECTS FOR ANY NOTABLE IMPROVEMENT ARE THOUGHT TO BE THREE TO FOUR MONTHS AWAY.

5. ACCORDING TO OUR INFORMATION THE EFFECT OF CONGESTION SURCHARGES ON U.S. EXPORTS WOULD APPEAR TO BE NEGLIGIBLE OVER THE COMING SIX OR SEVEN MONTHS. WE ARE TOLD CONTAINER SPACE FROM US TO NZ IS AT A PREMIUM AND LINES OPERATING FROM BOTH COASTS APPEAR TO BE BUSY, PARTICULARLY THOSE HANDLING EAST COAST TRAFFIC. AT LEAST ONE EAST COAST OPERATOR HAS ADVISED THAT IT IS FULLY BOOKED INTO FEBRUARY FOR SOUTHBOUND CARGO.

6. EMBASSY BELIEVES SURCHARGE MAY HAVE SALUTARY EFFECT IN SPURRING GNZ, PORT AUTHORITIES AND OTHERS CONCERNED WITH SHIPPING TO CONTINUE ACTION TO OVERCOME PROBLEMS. CERTAINLY AT PRESENT TIME, US VESSELS AND PARTICULARLY CONTAINER SHIPS ARE INCURRING SUBSTANTIAL ADDITIONAL OPERATING EXPENSES DUE TO EXCESSIVE TURN-AROUND TIME.
SELDEN

NOTE BY OC/T: ##AS RECEIVED.

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